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Social democracy after the crisis in Europe and the crisis of social democracy

Luke Martell

It has been a long time since social democracy was prevalent in mainstream politics. Its heyday was in the post-war period and lasted until the 1970s. Then even parties of the right had a word to say for welfare and the dangers of inequality. But neo-liberalism has been dominant since the 1980s. Social democrats have been out of power across Europe for a while and their arguments marginalised. Deregulation and the expansion of the private sector and markets have led the way. Now austerity is being used as a justification for a particularly harsh version of neo-liberalism that attacks public services.

Crisis is an overused word, but there is a crisis in Europe. There are serious debt and recessionary problems across the continent. The legitimacy of the European Union has been called into question, and social stability and governance has been under threat in Greece and in question elsewhere. Social democratic beliefs in equality, welfare and regulation have been pushed aside by political forces that go against these, to the extent that their embeddedness in society and mainstream politics has been overturned. I want to focus on the ideas of social democracy now, after the financial crisis, and in the context of the crises in Europe and of social democracy. When social democracy looks at itself in this context, what should its identity be and where should it be going? It could turn these crises into an opportunity, where it both rediscovers and rethinks itself.

The meaning of social democracy

Social democracy is about a compromise between capitalism and socialism. This is different from democratic socialism, which is for a gradual transformation to socialism using democratic means. There have been people in social democratic parties who want to do what they can within capitalism but are also not averse to a gradual democratic shift to socialism. But social democracy is mainly about accepting capitalism and building socialist institutions within it. This is also different from revolutionary socialism, which aims for a transformation to socialism outside the liberal democratic process, through revolutionary means. This definition of social democracy includes radicals like Hugo Chavez who despite his rhetoric, and probably belief, in twenty-first century socialism, was effectively working to create more public control of the economy and help for the poor within a capitalist society.

In practice socialist institutions under capitalism have involved the welfare state, the attempt to build greater equality, and the collective provision of what markets won't cater for adequately. This is in areas such as support for the poor and disadvantaged, education, the arts, and workers' rights. Social democrats have also been keen on using economic stimulus to boost the economy, although Keynesianism has not been the exclusive preserve of the centre-left.

Tony Judt in his book *Ill Fares the Land* echoes Ralf Dahrendorf in seeing the welfare state as one of the great achievements of human history, giving people life chances no

previous generations had. For cohorts after the Second World War, free higher education and universal health care, support during unemployment, sickness, or poverty, together with post-war economic growth, provided unprecedented security and opportunities. But the welfare state has been a one or two generation achievement and despite its huge advances for humanity there has been an astonishing rush to dismantle it, with the complicity of social democrats themselves (Judt, 2010, 78, 221, 224).

In fact, social democrats are now apologetic about these great institutions set up by their predecessors. In and around the top tiers of the British Labour Party the talk is that the welfare state is inefficient and doesn't provide choice. It should be reduced in size, and opened up to private providers and the market. Such principles are applied to welfare benefits, the health service, and education.

New Labour said that we should be less dogmatic about the boundaries between the private and the public. It was argued that this is a matter of means and ends. The main end is to deliver good quality welfare, health, and education. But we should not confuse the goal of public services with a dogma about these being delivered via a state-planned public sector.

However, the means used to deliver social democratic ends affect the ends. If the private sector delivers public services on a marketised basis, this allows drivers of profit-making to dilute the values of public services, putting at risk the public good that social democratic institutions have been oriented towards. Instead of public services being geared to delivering the public good, the content of them becomes changed to what delivers the best possible profit for the private providers.

In the British Labour Party the compromise between socialism and capitalism has been abandoned, with Labour outrightly favouring capitalism, and quite a neo-liberal version of it, with a human face. Labour is not purely neo-liberal and the same as the Conservative Party. It favours a more humane version of capitalism than the Conservatives: less cuts, less fast and a greater emphasis on measures to protect the poor, such as a living wage, tax credits and recent proposals for energy price freezes. But Labour does not favour advancing the role of socialist institutions within capitalism. In fact it is on the side of rolling them back.

New Labour started the privatisation of higher education when it introduced student-paid fees, and promoted the marketisation of the health service. Tony Blair preached the deregulation of labour to other European leaders, and Gordon Brown the deregulation of finance. But this shift to a liberal form of capitalism and the marketisation of public services loses what makes social democracy distinctive and leaves the argument for a social alternative with populist parties and social movements.

In the 1960s and 1970s the New Left of social movements and theorists like Herbert Marcuse criticised social democracy and the welfare state for libertarian reasons, for being paternalistic, bureaucratic, and undermining individualism and freedom. But it is today's inheritors of the 1960s New Left tradition, the bottom-up and plural student and protest movements, who argue for the welfare state. The context has changed and they see the loss of the rights, security, and life chances the previous generation had. They are protesting for the form of the welfare state that social democrats are retreating from.

These changes in social democracy are not new. In the 1980s social democrats started to accept in principle what they had been going along with in practice for many years – the role of private ownership and markets. In those days other European social democrats were ahead of the British at being revisionist. The Labour Party dragged its feet. But Tony Blair caught up with the revisionists quickly and sprinted past them. In the 1990s Labour started not just to accept these institutions but to celebrate them; and in a free market rather than a mixed economy form. The definition of social justice moved from being about greater equality in outcomes to widening opportunity, and focused on

minimum opportunities and the inclusion of the most excluded rather than equal opportunities. Mechanisms for securing this were policies such as the minimum wage and tax credits, to make it pay for people to get out of poverty and exclusion and into the workforce. Labour's current position has been described as being less about changing the class structure and more giving a hand to individual advancement up it, through means such as education (Hatherley, 2012a).

Under New Labour, neo-liberalism in the economy counteracted policies like tax credits, that were redistributive, meaning the end result was widening inequality. In the UK now austerity has been accepted by Labour, but would be done more moderately. Labour's latest proposal for predistribution, rather than increases in redistribution, is in theory quite radical because it means reforming capitalism and the market into more equal forms rather than redistributing its effects (see O'Neill and Williamson, 2012; Hacker, 2013). However, the policies for predistribution proposed by Labour so far are not up to realising this objective.

Miliband has advocated a 'One Nation' approach that aims to help the working poor through encouragement of a living wage and a critical approach to immigration, the latter restricting numbers and bolstering labour market protections for the low paid. This departs from New Labour's greater openness on migration that could be seen as more socially liberal and positive about its contribution to economic growth. However, a paradigm based on work and pay as inclusion and an acceptance of a neo-liberal austerity agenda (albeit a less harsh one) does not break with the current political paradigm established under Thatcherism, reinforced by New Labour, and extended to further marketisation and reduction of the public sector under Cameron.

But the crisis in Europe can be a chance for social democracy to rediscover itself. If social democracy looks at itself and where it could be going in the context of the crisis in Europe, values and policies from its past look relevant and pressing. Social democracy can be about investment for growth, drawing on its tradition of stimulus economics. Austerity is not producing sufficient growth. Quantitative easing releases money that is not channelled towards useful ends. It ends up in the savings of those who can afford to put it there, rather than in boosting the economy. But there is a legacy in social democracy that sees investment targeted on areas like housing and other social infrastructure as the basis for promoting growth whilst expanding institutions that are socially valuable.

Social democracy can introduce fairer taxes, on wealth and finance, and crack down on loopholes and havens. The crisis in Europe and the associated economic austerity have pushed wealth and financial transaction taxes, an idea from the French movement ATTAC, up the agenda. It has also highlighted the practice of big corporations and the rich avoiding tax. These have become mainstream political issues. One reason is that the poor are taking the hit from austerity policies that cut back on welfare and public services. There could be more shared responsibility so the wealthy, some of them behind the crisis, and not contributing proportionately to public services, play their part rather than getting richer, as they are seem to be doing. These circumstances give social democracy the chance to rediscover its historical egalitarianism.

The crisis is perceived to be rooted in finance pursuing short-term, risk-taking greed, unrestrained by regulation to protect public interests. So there is a basis for greater regulation of finance so that behaviour causing the crisis is ruled out rather than rewarded. A response to the crisis could be a more social Europe. Social democracy in power across Europe used to be seen as the basis for proliferating social rights and protections via the EU, the vision of Jacques Delors. But when social democrats were in this position, in the late 1990s and after, they focused on economic deregulation. They neo-liberalised Europe rather than promoting the social dimension. The crisis in Europe allows for the latter to be made a priority.

Social democracy and the redistribution of work

These are ways in which the crisis in Europe allows social democracy to rediscover itself. Crises of social democracy and in Europe also give it the chance to rethink. I want to focus on two ways it can do so. The first involves paid work. A key aspect of the crisis in Europe is large-scale unemployment, especially amongst the young. This can be tackled by investment in the ways just discussed. But a less growth-oriented approach is through rethinking work. Less work for some can help the jobless.

Amongst types of freedom, freedom from work is not discussed much. Usually we talk about freedom from state oppression, or the resources needed for liberty. Liberals tend to focus on the former and socialists the latter. They involve negative and positive liberty respectively. But freedom of time, from the constraints of work, is important. Many of us spend large parts of our lives doing work that impinges on this kind of freedom, which has elements of both negative and positive freedom.

The left grew up as a movement for the working class. It has historically wanted jobs and better pay and conditions for workers. New Labour pursued greater social inclusion through work. Measures like the minimum wage and tax credits were ways to get the socially excluded back into society via incorporation into the labour force. The Marxist left has traditionally focused on overcoming exploitation and alienation through the collective ownership of production. The solution to the key problems of capitalism for humans is therefore seen to lie in the workplace. Utopian socialists have favoured lower growth and less industry. This sounds promising for a less work-oriented society. But it involves a low-tech self-sufficiency that's quite labour-intensive. A less industrial, more agricultural society with less labour-saving technology is likely to involve more work.

The right is morally righteous about work, at least in relation to the less well-off. They distinguish the deserving working poor from the feckless work-shy. Greens are the most likely to see value in less work. This is because it means lower production and consumption, so less growth, which is good for tackling climate change.

For some of us, work is fulfilling, and provides structure, purpose and economic independence in our lives. But others see large parts of their jobs as pointless. They work for money and are at the receiving end of hierarchical commands at work. Work is compulsion, not free. Many would rather slow down, work part-time, or have longer holidays. They want to do things that are more leisurely or fulfilling. But time for this is scarce. Marx, Keynes and the post-Marxist philosopher André Gorz envisaged a future with less work (Gorz, 1982). They believed that technological advances and increased productivity should allow us to produce as much with less labour.

In addition to technological change allowing less work, reduced growth and production could do so too. With less production and consumption we would not need so much labour to produce things and to earn the money to buy them. Or the employed could redistribute some of their work to the unemployed, so all work less but all have work.

Less work would allow more time for self-directed, creative or social activities, or just to take it easy. It could be for care, relatives, relationships, or political activity and democracy. There would be less stress at work, because there would be less of it. There would be less stress outside work because of more free time.

Less work is a quality of life issue. It can reduce economic inequalities between the employed and unemployed if work is redistributed from the former to the latter, and between men and women as the redistribution of work allows men more time for domestic labour and women more opportunities in paid work and public life. It is a solution to unemployment that does not require growth, and less production and consumption is good for reducing climate change.

Less work based on reduced growth requires a cultural change in which production

and consumption are valued less. This may seem utopian but we need utopianism. The abolition of slavery, civil rights, equal rights for women, and freedom on the basis of sexuality seemed utopian when people first addressed them. So did the idea of workers having their own movements and representation in parliament. These have fed into the creation of trade unions, social democratic parties, and the welfare state. If utopian ideas were not pursued they would not have achieved victories in these areas.

There are practical measures that can be used to pursue less paid work. A basic income could replace the complexity of existing social benefits. This would allow for more time free from work. Fairer taxes and redistribution from the top can help fund a basic income. We have legislation restricting working hours that could be beefed up. We could move from a minimum wage to a living wage so the work we have pays better and we don't have to do so much of it.

The idea is not one that comes out of the blue, or just from the past. In 2010 the New Economics Foundation proposed that 21 hours a week, the average time a person in the UK works, should be the norm rather than the mean (NEF, 2010). Skidelsky and Skidelsky (2012) recently published their book *How Much is Enough?*, about a good life in which less work plays a key role. That year, journalists Owen Hatherley (2012b) and Ellie Mae O'Hagan (2012) called for shorter hours in paid work.

Writers for *Jacobin* argue that work does not deliver the personal and social benefits claimed for it. It consumes time where we could be free to do what we want, more according to our own schedule (Frase, 2013). Nobility and goodness are equated with paid labour, even if it is low paid and of poor quality, rather than with dependence on collective support or work that is unpaid but creative, more fulfilling, or useful. Useful work is not the same as paid work, which is not remunerated according to its social value. The alternative is valuing activities according to their humanity, not by whether they are wage labour (Frase, 2011a).

A context of high unemployment and low prospects for job creation is good for job-share proposals, where more of us can have work, but those in employment work less, further enabled by labour-saving technology. This will need a break from left foci on distribution and productivism, at the expense of autonomy from the constraints of work, and more use of our time and creativity for self-directed ends beyond material production in a shorter working week (Maisano, 2011). This can be part of full employment where the demand for labour exceeds its supply, reduced by people working shorter hours, giving workers more power to call for better pay and conditions (Frase, 2011b).

Less work and lower growth is not right for all times and places. In the short term, under austerity and in the developing world, growth is important. One question is whether people would lose the incentive to work if given a basic income. Many would want to earn more, so would work more. Some do jobs because they're worthwhile; lots of money isn't always needed to make people work. And freedom from paid labour isn't the same as non-work. It allows for work that's chosen and autonomous, from creative projects to volunteer help, for instance. So in a low work society with a basic income, people would work, just more of it not paid or wage labour.

There could be implications for developing countries. With reduced work and potentially lower incomes in the rich world there would be less of a consumer market for poorer countries' goods, so undermining development. But the redistribution of work can be to developing countries, providing more income for consumption in those places. It's important this is backed up by the social democratic institution of strong unions, to make sure this does not become sweatshop exploitation. Immigration from poor to rich countries can allow migrants to take up redistributed work there. This would facilitate development through migrants gaining skills they can take home and sending back remittances. And less production and consumption is good for climate change, which is a major problem in

developing countries, where it causes desertification, water-loss, less fertile land, and conflicts over declining resources.

There are other issues for the low work society. Is it coercive making people work less? One answer is possibly not more than being forced to work long hours. There may be problems of enforcement as people try to get round lower hours; trade union opposition, especially to less pay; and employer resistance, to higher costs and lower production. The system would have to make sure that people working less did not end up in poverty. Redistribution of work to the unemployed should help the poor.

The low-work society is a challenge for social democracy, which has been oriented around the working class, work as the route for inclusion, and growth. Work has been a way to better economic circumstances and opportunities, and a battleground for social democrats, and growth as well as redistribution a means to these goals. To move to a lower work perspective requires social democrats to question an identity that is oriented around the working class and its focus on work as a means to improvement and equality.

But social democrats should like a society of redistributed work, because it is about equality and solving unemployment. Quality of life and other benefits should appeal to all. Greater opportunities for involvement in politics and democracy are especially welcome for a political movement. A low work society is about the economy meeting human needs rather than humans being subjected to the logic of the economy. The left has always been oriented around shaping the economy to humans, rather than domination by the instrumental rationality of economics. And for the crisis in Europe here is a solution to joblessness that does not rely on growth.

Social democracy and freedom of movement

The EU has facilitated labour mobility within its borders but been hostile to immigration from outside. Social democrats have reproduced anti-immigration rhetoric, aimed at their working class base and concerns about jobs, wages, and housing. Social democratic parties see immigration as a threat to working class interests in these areas, or as a domain where working class perceptions need to be accommodated. They also see the class they are responsible for as within their own national boundaries and not people outside, even though these are also humans and often more needy. So there are class and nation-state reasons for anti-immigration rhetoric amongst social democrats.

While social democracy has tended to have a national focus, greens and revolutionaries have been more internationalist about where they see obligations lying. Greens argue for acting locally but thinking globally in terms of responsibility to others and the scope of environmental problems. Marxists see all workers as the same and what unites them as a class overriding what divides them by nation. They have been opposed to nationalism and nationalist wars. Cosmopolitan political philosophy sees us having obligations to all, equally human regardless of what borders we were born within. Looked at this way, immigrants have some of the strongest needs out there, indeed this is often the reason why they are migrating.

The movement of people is a freedom issue. We tend to put a focus on the freedoms I have mentioned, from state interference, or having the resources to realise our life chances. But as with freedom of time, and the constraints imposed on that by work, freedom of movement is less emphasised. Where it is valued it is often in terms of movement out of states, for which state socialist countries have been criticised, but, inconsistently, not in terms of freedom to move into them.

Ed Miliband (2012) has argued that New Labour was too open to immigration from Central and Eastern Europe, which he says lowered wages and caused unemployment amongst British workers. He promises that a government led by him will be stricter. But Miliband is wrong about wages. These have dropped amongst the lowest paid when there

is immigration, but not in aggregate or amongst other categories. Immigration creates growth that can help with the crisis in Europe, to the tune of £6 billion a year according to the Home Office under New Labour. Often it turns people who were unproductive, unemployed or underemployed in their country of origin into employed and productive workers in the place they go to. They pay tax, which funds public services, and can support the costs of an ageing population. Immigrants are less likely to claim benefits than the British, so they contribute to welfare rather than being a drain on it, as sometimes perceived. Migrant workers spend their wages, which creates an economic stimulus in the form of consumer demand. They are major contributors to one of the UK's top industries, universities, through the fees they pay. And they are twice as likely to set up small business as the British (Portes, 2011; Home Office, 2007; Sriskandarajah, 2006).

There are social democratic explanations for problems of housing and low wages that are attributed to immigration. Under Mrs Thatcher state housing was sold off in large swathes and trade unions weakened. Employers, not migrants, cut pay. So social democratic solutions are council accommodation and better protection of wages through stronger trade unions and a living wage. Miliband is ambivalent about unions and wishes to encourage a living wage through measures such as procurement policy, but not through legislation or introduced by government. In any case, a key point is that social democrats do not need to appeal to anti-immigration arguments about problems of wages and housing. There are explanations from their own ideology they can use, to do with state provision of homes and what governments and unions can do to ensure fairer pay.

Attitude surveys show that the British are hostile to immigration. 75 per cent want to see it reduced and 51 per cent want to see it reduced a lot. But this is hostility to some types of immigration more than others. Attitudinal evidence from the Oxford Migration Observatory shows that majorities are negative about permanent, illegal and low-skilled migration. But it is minorities that are against temporary, high-skilled, legal and student immigration. These are the types that Labour and other parties often highlight as a problem. Yet the data suggests there is a basis in popular attitudes for making the case for European economic migration and student immigration (Park et al., 2012; Oxford Migration Observatory, 2011).

The Extremis Project has shown that Labour voters are becoming less anti-immigration over time. According to a Guardian/ICM poll, Londoners, who have most experience of migration first-hand, are more likely to be pro-immigration and pro-multicultural. And the young are much more positive about immigration. The Extremis poll shows 41 per cent overall more likely to support a party that pledged to halt all immigration into the UK, but 54 per cent for the over-60s and 23 per cent for 18-24 year olds. So there is a growing generational basis, and amongst Labour voters and Londoners, for a pro-immigration politics, and an electoral and social basis for a more sophisticated approach to favouring it (Goodwin, 2012; Painter, 2012; Clarke and Gibson, 2012).

An anti-immigration approach, on the other hand, does not respond to the human needs of migrants. It stokes up antagonism towards them and fails to try to shape the debate in a more positive direction. Politicians should aim to lead opinion, especially on issues about human needs and freedom, not just accommodate their perceptions of the electorate.

I have mentioned young people. They are often political, but alienated from parties, and some divert their energies into protest instead. But old social democratic issues can be made to appeal to the young. Many experience precarity and include what Paul Mason (2012) has called the 'graduates without a future'. They are open to seeing the unfair way the effects of crisis are being allowed to fall. There is a generational aspect to this, as well as a social class one. They can see welfare and educational opportunities their parents had being diminished. They are told that they are the first generation who will be worse off than their parents. Newer issues, like the environment and climate change, appeal to the young. A lower work society will help with these, and the redistribution of work relates to

the unemployment problem the young have. Many have been brought up in societies with high immigration and they are more pro-immigration than their parents.

If social democrats can rediscover their commitments to the welfare state and investment for growth, and rethink on work, ecology and migration, they can bring young people back. These issues relate to the current situation and attitudes of the young. Social democracy should ally with progressive movements, who historically and now have the best and most innovative ideas on such concerns. Many greens already take these issues on board, but social democrats have the political organisation more likely to win power. If social democracy cannot meet these challenges, then it will have lost its historic role of offering a social alternative.

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